



DEPARTMENT OF TRANSPORT

REQUIREMENTS FOR TENDERING/CONTRACTING WITH THE STATE



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

SABOA CONFERENCE

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INTRODUCTION

- Proper and successful government procurement rests upon certain core principles of behaviour - the Five Pillars of Procurement. They are best described as pillars because if any one of them is broken the procurement system falls down.



INTRODUCTION

- The Five Pillars are:

- **Value for Money**

- This is an essential test against which the Contracting Authority must justify a procurement outcome. Price alone is not a reliable indicator and CA will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements. This means the best available outcome when all relevant cost and benefits over the procurement cycle are considered.



INTRODUCTION (continue)

– **Open and Effective Competition**

- Requires a framework of procurement laws, policies, practices and procedures that is transparent, i.e they must be readily accessible to all parties



INTRODUCTION (continue)

– **Ethics and Fair Dealing**

- In procurement, if all parties comply with ethical standards they can deal with each other on a basis of mutual trust and respect and conduct their business in a fair and reasonable manner and with integrity



INTRODUCTION (Continue)

– **Accountability and Reporting**

- This involves ensuring that all parties are answerable for their plans, actions and outcomes. Openness and transparency in administration, by external scrutiny through public reporting, is an essential element of accountability.



INTRODUCTION (continue)

-Equity

- In this context means the application and observance of Contracting Authorities policies which are designed to advance persons or categories of persons disadvantaged by unfair discrimination. Its aim is to advance the development of SMME's and HDIs, promote women and physically handicapped people, create new jobs, promote local enterprises and support local products. It ensures that government is committed to economic growth by implementing measures to support industry generally.



TENDER REQUIREMENTS

➤ SBD 1

✓ INVITATION TO BID

- Name of bidder
- Postal address
- Street address
- Telephone number
- Cell number
- Facsimile number
- E-mail address
- Vat registration number



TENDER REQUIREMENTS (continue)

➤ SBD 2

- **Original Tax Clearance Certificate**

➤ SBD 3

- **Pricing schedule**

➤ SBD 4

- **Declaration of interest**

➤ SBD 5

- **The National Participation Programme**

➤ SBD 6.1- Preferential Procurement Regulations 2011

- **B-BBEE status level of contribution**



TENDER REQUIREMENTS (continue)

➤ SBD 6.2

- Declaration certificate for local production and content

➤ SBD 8

- Declaration of bidder's past supply chain management practices

➤ SBD 9

- Certificate of independent bid determination



BACKGROUND TO THE TENDER SYSTEM

- **The Constitution stipulates that Government's procurement processes must follow a tender process. As such, it also applies to the procurement of public transport services.**



BACKGROUND TO THE TENDER SYSTEM (CONTINUE)

- **The tender system was first implemented in the late 1980's on a demonstration basis.**
 - Routes that had previously been subsidised under the interim contract system (where subsidy were based on the number of tickets sold), were put out to tender and interested operators and potential new entrants to the market were invited to submit bids to operate them.



BACKGROUND TO THE TENDER SYSTEM (CONTINUE)

- The successful operator had to sign a contract with the Contracting Authority and penalties could be imposed if the operator failed to comply with the terms and conditions of the contract.
- The basis of payment changed from tickets sold to the number of “revenue kilometres” operated.
- Each authorised trip on the timetable was measured and those distances multiplied by the number of trips were known as the revenue kilometres.

TENDER SYSTEM



- **According to the tender system for public transport services:**
- Government (the Employer) specifies the services to be operated, the vehicles which should be used and the fare to be charged to the passenger .
 - It offers no guarantee about the level of subsidised travel on which the size of the operation and the operators' revenue would depend.



TENDER SYSTEM (CONTINUE)

- In the tender documents, tenderers are advised to carry out their own surveys on the number of passengers to be transported.



TENDER SYSTEM (CONTINUE)

- The only guarantees that the Employer makes is that:
 - (i) during the contract period, it will not subsidise any other operator to transport passengers on the routes operated in terms of the tendered contract and
 - (ii) it will support the tenderer during stayaways/strikes not related to the operator's own actions.



BACKGROUND TO THE TENDER SYSTEM W.R.T PT

➤ Objectives

- The overall objective of the tender system can be summarised as :
 - To overcome the defects of the tariff system.
- More specifically the transport objectives of the system can be seen as :
 - To provide “value for money” for the subsidising Authorities;



BACKGROUND TO THE TENDER SYSTEM W.R.T PT (Continue)

- To introduce standards of operation and accountability;
- To meet passenger needs in a more effective and efficient way; and
- To introduce competition between operators for the operation of subsidised routes so as to minimise the need for subsidy funds, to break area monopolies and to encourage new entrants into the market.



TENDER PROCESS

- **The tender process is a multi-stage process involving the following:**
 - a definition (design) of the services to be put out to tender by the contracting authority (*i.e.* routes, timetables, vehicles specifications & fares);
 - the preparation of tender documents by the Contracting Authority;



TENDER PROCESS (Continue)

- a compulsory service area inspection for tenderers with subsequent distribution of additional information requested at the site meeting issued in the form of addenda to the contract documentation;
- tenderers who are not already holders of LRTB/PRE licenses for the routes concerned, must seek permission from the LRTB/PRE to tender;



TENDER PROCESS CONTINUE

- compilation of tenders by operators with the option of submitting an alternative (non-complying) bid in addition to the standard bid;
- evaluation of tenders by the contracting authority;
- award of the contract by the Contracting Authority;



TENDER PROCESS (CONTINUE)

- the Contracting Authority request the relevant Permit or Operating Licensing Board/ PRE to issue the necessary permits or operating licenses to the successful tenderer (the previous holder is required to hand in its permits on cessation of the services); and
- the appointment of a monitoring company to supervise and monitor the contract



THANK YOU

- **COMPILED BY**
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